

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	CRIMINAL NO. _____
v.	:	DATE FILED: _____
JOREMI NARANJO	:	VIOLATIONS: 18 U.S.C. § 1344 (bank fraud - 1 count)

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

1. Woodforest National Bank was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation, certificate number 23220.

CREDIT CARD PAYMENT PROCESS

2. MasterCard International (“MasterCard”) and Visa International (“Visa”) are worldwide payment service organizations composed of member financial institutions. MasterCard and Visa own and manage their respective brands of credit cards, but do not themselves issue credit cards.

3. A financial institution that is a member of MasterCard and/or Visa may act as an acquirer, an issuer, or both. An acquirer contracts with merchants who wish to accept credit cards. In return for a fee, the acquirer agrees to accept merchant sales drafts, provide authorization terminals, instructions, and support, and handle the processing of credit card transactions.

4. Woodforest National Bank was an acquirer for MasterCard and Visa.

5. An issuer enters into agreements with individuals or organizations who wish to use credit cards. The issuer processes credit card applications, establishes credit limits and policies, issues cards, bills the cardholders for charges made on the cards, and collects payment from the cardholders.

6. When a cardholder makes a credit card purchase, the merchant transmits the card number and the amount of the purchase to the acquirer. The acquirer deposits the amount of the purchase, less the acquirer's fee, into the merchant's bank account. The acquirer then submits the transaction to the MasterCard or Visa payment processing center. The payment processing center transmits the transaction information to the issuer of the customer's card, credits the acquirer's account for the amount of the transaction, and debits the issuer's account for the amount of the transaction. The issuer bills the cardholder, who pays the issuer.

7. Under the payment processing system, the merchant receives payment for the transaction before the cardholder is billed for the purchase.

8. If the cardholder disputes the charge, the issuer will go through MasterCard or Visa to charge the transaction back to the acquirer. The acquirer will contact the merchant and request documentation of the transaction. If the merchant provides documentation showing that the charge was valid, the cardholder's account will be re-charged for the transaction. If the merchant fails to establish that the charge was valid, the acquirer will debit the merchant's account for the amount of the charge.

9. From in or about June 1996, through in or about June 1998, in the Eastern District of Pennsylvania and elsewhere, defendant

JOREMI NARANJO

knowingly executed and attempted to execute a scheme to defraud Woodforest National Bank and to obtain monies owned by and under the care, custody, and control of the Woodforest National Bank by means of false and fraudulent pretenses, representations, and promises.

THE SCHEME

It was part of the scheme to defraud that:

10. Defendant JOREMI NARANJO opened merchant accounts with Woodforest National Bank in the names of fictitious companies, including AM PM Moving, Art & Graphic Answers, Choice Body Work, Fast Graphics & Printing, General Printing, George's Moving, International Dance Bailey, JNJ Printing Service, Plus Printing, Services Supplies a/k/a Services Office Supplies, 757 Computers, Smooth Printing, and XXX Printing. These accounts authorized the merchants (that is, the fictitious companies) to accept MasterCard and Visa credit cards as payment for goods and/or services.

11. Defendant JOREMI NARANJO and other persons acting at his direction opened bank accounts in the names of the fictitious companies.

12. Defendant JOREMI NARANJO obtained the names and credit card numbers of holders of credit cards, including MasterCard and Visa cardholders.

13. Defendant JOREMI NARANJO, using the names and credit card numbers of the genuine cardholders, falsely represented to Woodforest National Bank that the cardholders had made credit card purchases from one or more of the fictitious companies.

14. Defendant JOREMI NARANJO’S false representations that credit card purchases had been made, directly caused Woodforest National Bank to deposit funds into the bank accounts of the fictitious companies. Defendant JOREMI NARANJO and/or persons acting at his direction withdrew the funds from the bank accounts.

15. Defendant JOREMI NARANJO created documents falsely purporting to be credit card receipts for transactions with the fictitious companies and submitted them to Woodforest National Bank when Woodforest National Bank requested documentation of charges.

16. On or about the following dates, defendant JOREMI NARANJO submitted to Woodforest National Bank the following fraudulent charges:

<u>Date</u>	<u>Cardholder</u>	<u>Account no.</u>	<u>Purported merchant</u>	<u>Amount</u>
3/18/97	J.R.	xxxx-xxxx-xxxx-1935	George’s Moving	\$ 348.06
3/25/97	D.S.	xxxx-xxxx-xxxx-8217	George’s Moving	\$ 400.00
9/17/97	J.C.	xxxx-xxxx-xxxx-0386	Services Supplies	\$ 850.00
9/17/97	A.K.	xxxx-xxxx-xxxx-4099	Services Supplies	\$ 600.00
9/18/97	S.S.	xxxx-xxxx-xxxx-5280	Services Supplies	\$ 630.00
9/18/97	T.B.	xxxx-xxxx-xxxx-1191	Services Supplies	\$ 500.00
9/18/97	W.S.	xxxx-xxxx-x7828	Services Supplies	\$ 700.00
9/19/97	C.B.	xxxx-xxxx-xxxx-5752	Services Supplies	\$ 580.00
9/19/97	V.B.	xxxx-xxxx-xxxx-0677	Services Supplies	\$ 500.00
9/19/97	K.B.	xxxx-xxxx-xxxx-1585	Services Supplies	\$ 620.00
9/20/97	B.C.	xxxx-xxxx-xxxx-9421	Services Supplies	\$ 485.00
9/20/97	D.B.	xxxx-xxxx-xxxx-2225	Services Supplies	\$ 570.00
9/24/97	J.C.	xxxx-xxxx-xxxx-1911	Services Supplies	\$ 420.00
9/24/97	R.B.	xxxx-xxxx-xxxx-7183	Services Supplies	\$ 610.00

9/27/97	C.C.	xxxx-xxxx-xxxx-8804	Services Supplies	\$ 410.00
9/27/97	D.C.	xxxx-xxxx-xxxx-9024	Services Supplies	\$ 468.00
9/30/97	J.B.	xxxx-xxxx-xxxx-6000	Services Supplies	\$ 580.00
9/30/97	C.C.	xxxx-xxxx-xxxx-4526	Services Supplies	\$ 485.00
10/1/97	J.B.	xxxx-xxxx-xxxx-5121	Services Supplies	\$ 470.00
11/19/97	D.F.	xxxx-xxxx-xxxx-9933	General Printing	\$ 120.00
12/4/97	W.R.	xxxx-xxxx-xxxx-8165	General Printing	\$ 400.00
12/4/97	J.S.	xxxx-xxxx-xxxx-7443	General Printing	\$ 360.00
12/5/97	I.M.	xxxx-xxxx-xxxx-4092	General Printing	\$ 300.00
12/5/97	F.G.	xxxx-xxxx-xxxx-3792	General Printing	\$ 360.00
12/6/97	E.W.	xxxx-xxxx-xxxx-1149	General Printing	\$ 345.00
12/6/97	M.B.	xxxx-xxxx-xxxx-4891	General Printing	\$ 325.00
12/6/97	P.G.	xxxx-xxxx-xxxx-2826	General Printing	\$ 250.00
12/15/97	R.W.	xxxx-xxxx-xxxx-2263	XXX Printing	\$ 650.00
12/15/97	D.W.	xxxx-xxxx-xxxx-4175	XXX Printing	\$ 600.00
12/15/97	D.W.	xxxx-xxxx-xxxx-6247	XXX Printing	\$ 610.00
12/15/97	B.A.	xxxx-xxxx-xxxx-0205	XXX Printing	\$ 590.00
2/25/98	E.W.	xxxx-xxxx-xxxx-1149	Art & Graphic Answers	\$ 340.25
3/12/98	L.B.	xxxx-xxxx-xxxx-9835	International Dance Bailey	\$ 231.45
3/12/98	S.T.	xxxx-xxxx-xxxx-6087	International Dance Bailey	\$ 302.10
3/12/98	M.H.	xxxx-xxxx-xxxx-6009	International Dance Bailey	\$ 240.58
3/13/98	L.B.	xxxx-xxxx-xxxx-4143	International Dance Bailey	\$ 309.84
3/14/98	C.W.	xxxx-xxxx-xxxx-2255	International Dance Bailey	\$ 200.50
3/14/98	W.B.	xxxx-xxxx-xxxx-4283	International Dance Bailey	\$ 209.70
3/16/98	G.F.	xxxx-xxxx-xxxx-0252	International Dance Bailey	\$ 210.45
3/16/98	F.H.	xxxx-xxxx-xxxx-4272	International Dance Bailey	\$ 255.48
3/18/98	P.R.	xxxx-xxxx-xxxx-4376	International Dance Bailey	\$ 275.60

3/19/98	R.J.	xxxx-xxxx-xxxx-2723	International Dance Bailey	\$ 294.50
3/20/98	S.G.	xxxx-xxxx-xxxx-8516	International Dance Bailey	\$ 305.60
3/20/98	W.J.	xxxx-xxxx-xxxx-4187	International Dance Bailey	\$ 220.80
3/24/98	M.N.	xxxx-xxxx-xxxx-4389	International Dance Bailey	\$ 302.90
3/24/98	K.C.	xxxx-xxxx-xxxx-5826	International Dance Bailey	\$ 290.80
3/24/98	J.C.	xxxx-xxxx-xxxx-3278	International Dance Bailey	\$ 305.60
3/25/98	J.P.	xxxx-xxxx-xxxx-6805	International Dance Bailey	\$ 310.42
3/25/98	M.M.	xxxx-xxxx-xxxx-3930	International Dance Bailey	\$ 303.50
3/27/98	D.S.	xxxx-xxxx-x1329	International Dance Bailey	\$ 302.45
3/27/98	P.C.	xxxx-xxxx-x6900	International Dance Bailey	\$ 300.23
3/28/98	C.J.C.	xxxx-xxxx-x3991	International Dance Bailey	\$ 280.50
3/30/98	E.S.	xxxx-xxxx-xxxx-6410	International Dance Bailey	\$ 205.90
3/30/98	J.H.	xxxx-xxxx-xxxx-4014	International Dance Bailey	\$ 287.50
3/31/98	D.S.	xxxx-xxxx-xxxx-5195	International Dance Bailey	\$ 268.07
3/31/98	H.M.P.	xxxx-xxxx-xxxx-5027	International Dance Bailey	\$ 191.35
3/31/98	K.B.	xxxx-xxxx-xxxx-8785	International Dance Bailey	\$ 306.48
4/2/98	G.G.	xxxx-xxxx-xxxx-6674	International Dance Bailey	\$ 195.28

All in violation of Title 18, United States Code, Section 1344.

A TRUE BILL:

GRAND JURY FOREPERSON

PATRICK L. MEEHAN
UNITED STATES ATTORNEY